

# EDITORIAL INFORMATION SERVICE

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### BRITISH INTERESTS IN MESOPOTAMIA

The political and economic importance of that section of Mesopotamia known as Iraq is a significant factor in the boundary dispute between Great Britain and Turkey, which is now awaiting settlement by the League of Nations. This Report, supplementing that on "The Turco-Iraq Boundary Dispute", deals more particularly with the special interests of Great Britain and the competition for control of the Mosul oilfields. It covers the following subjects:

Pre-war Strategic and Economic Interests

The British Military Campaign, 1914-18

Mosul Oil and the Turkish Petroleum Company

Creation of the Kingdom of Iraq, 1921

Anglo-Iraq Treaty, 1922

Results of British Occupation

### PRE-WAR ECONOMIC INTERESTS

Special British interests had already been established in Mesopotamia by the latter part of the nineteenth century. For fifty years a British company has enjoyed a practical monopoly of river trade on the Tigris and Shatt-el-Arab. Throughout this period there has been a moderate amount of trade between Great Britain and Mesopotamia. Of greater economic importance, however, has been the more recent development of the Anglo-Persian Oil Company (see also page 3), a controlling interest in which was acquired by the British Admiralty in 1913 for the purpose of assuring naval oil supplies. Before the war the Anglo-Persian Oil Company was operating important

refineries and storage tanks at the head of the Persian Gulf. In 1914 it participated with German and Dutch interests in the formation of the Turkish Petroleum Company which in the same year was promised by the Imperial Ottoman Government a concession to the partially surveyed oil fields of Baghdad and Mosul.

### PRE-WAR STRATEGIC INTERESTS

The vigorous promotion of the Baghdad Railway project by German capitalists between 1903 and 1914 resulted in an awakening of British anxieties. Fearing that foreign control of this new route to India might threaten its strategical security, Great Britain took steps to protect the head of the Persian Gulf against German encroachments. Already in 1899 the subsidized Sheikh of Koweit had submitted to British control in matters of foreign policy. Great Britain scored a further success when it was agreed by the Anglo-German Convention of June 15, 1914, that the terminus of the Baghdad Railway should be at Basrah--100 miles up the Shatt-el-Arab--rather than a Persian Gulf port. The same Convention provided for the election of two British citizens to the Board of Directors of the Baghdad Railway Company.

### THE BRITISH MILITARY CAMPAIGN, 1914-1918

It was partially to safeguard these economic and strategic interests that Great Britain planned the Mesopotamian campaign of 1914-1918. On Nov. 6, 1914, the day after war was declared against Turkey, a British-Indian force, concentrated in readiness at Bahrein, landed and captured a fort at the mouth of the Shatt-el-Arab. The prospective Chief Political Officer accompanying the force proclaimed to the Arab population Great Britain's regrets at having been forced into war by the unprovoked hostility of the Turkish Government, explaining that the campaign was to be directed against the Turks, not the Arabs. It would be, in fact, a campaign for the liberation of the Arabs of Iraq. By July, 1915, the Vilayet of Basrah was in British hands. In the spring of 1917 Kut, Baghdad and Samarra had been added. British forces had been campaigning in the Vilayet of Mosul for five months when the Mudros Armistice between Turkey and the Allies was signed in October, 1918; and on November 8 the town of Mosul itself was occupied in accordance with the terms of the armistice.

### THE BRITISH ASSUME CONTROL OVER MOSUL

There are indications that during the course of this campaign British estimates of the strategic and economic value of the Mosul Vilayet underwent a change. In 1914 the British Government had been willing to recognize the special economic rights of Germany in that territory. Later, in 1916, the British Government agreed, by the terms of the secret Sykes-Picot Treaty, that the Mosul Vilayet should become a French sphere of influence. But in 1918 Lloyd George began to bring pressure to bear on Clemenceau to relinquish the Vilayet in favor of Great Britain. Clemenceau acceded to Lloyd George's demand on Feb. 15, 1919, but only after it had been made clear to him that if he refused to do so the British Government would set aside the

entire Sykes-Picot Treaty, whereby France was to receive full sovereignty over Cilicia, southern Armenia, and the Syrian coast, together with zones of influence extending inland from Syria to the Persian frontier.

The British campaign in Mesopotamia thus resulted in the effective elimination from the Mosul area of:

- (a) The Germans, whose economic penetration of the country during the last decade had been phenomenal.
- (b) The French Government whose practical interest in the Mosul Vilayet as a hinterland for Syria had been of short duration.

The only rival claim which was not effectively eliminated was that of the Turkish Government which not only encouraged agitations in the Mosul Vilayet, but refused to recognize the validity of the Treaty of Sevres by which that Vilayet had been ceded to the Allies; furthermore, on April 10, 1923, it emphasized its claim to Mosul by granting to an American group headed by Admiral Chester a railway concession involving extensive territories in Anatolia and the disputed territory.

#### POST-WAR ECONOMIC INTERESTS

The confusion arising from the dual claim to the Vilayet has served to delay the exploitation of its natural resources. Of these it is generally believed that oil is by far the most important, although no adequate survey has yet been made and the actual extent of its oil reserves is not known. British diplomatists have repeatedly denied knowledge of the plans of oil promoters in this area, and have refused to allow the oil question to be brought into boundary discussions. That there is nevertheless a certain relation between the two subjects is evident when the history of the Turkish Petroleum Company is considered.

#### FOUNDING OF TURKISH PETROLEUM COMPANY

The Company represented a number of rival interests. The decade 1904-1914 had witnessed a struggle between German, Dutch and British capitalists for the right to exploit Mesopotamian oil reserves, the title to which was vested in the Imperial Ottoman Government. Dutch hopes had centred upon an influential Ottoman friend, German hopes upon the claim to priority of consideration established by a preliminary oil survey of the Tigris and Euphrates Valleys; while British hopes had relied upon the strength of the Anglo-Persian Oil Company (founded 1909) already established in the neighboring oilfields of Persia.

In 1914 the rivalry of these interests was ended by the inauguration of the Turkish Petroleum Company in which the German and Dutch companies each participated to the extent of 25% while the Anglo-Persian Oil Company received 50%. (It will be remembered that the British Admiralty owned a controlling interest in the latter company). It was this new combine which on June 28, 1914, obtained the promise of a concession from the Ottoman Government for develop-

ment of oilfields in the Vilayets of Baghdad and Mosul.

### REORGANIZATION OF TURKISH PETROLEUM COMPANY

In 1920 the former German interests were transferred by Great Britain to France in return for guarantees of uninterrupted transportation of oil to the Mediterranean across the French sphere of influence. The American Government intervened at this juncture protesting that the Anglo-French agreement constituted a violation of the open-door principle, that it ignored American interests, that it presupposed the validity of the unsubstantiated Turkish promise of June 28, 1914, and infringed upon the rights of Iraq which alone could grant concessions in the Vilayet of Baghdad. Ultimately six or seven American oil companies were together granted 25% participation in the Turkish Petroleum Company, since when there have been issued by the American Government no protests against its activities.

### THE 1925 OIL CONCESSION

But the Turkish promise of a concession in a territory of which it was no longer in actual control could not serve as a basis of activity for the newly reorganized Company. It therefore sought and on March 14, 1925, obtained from the Government of Iraq a 75-year concession for the development of oil reserves in the Vilayets of Baghdad and Mosul. Since the Vilayet of Mosul is still legally Turkish the application to the Iraq Government for a concession in the area more than atoned for the former infringement of Iraqi rights objected to by the American Government.

It was in accordance with the advice of the British High Commissioner in Baghdad that the concession was granted to the Turkish Petroleum Company. The taking of decisive action of this sort in anticipation of the League boundary award gave opportunity to the Opposition press in England to repeat its charges that the entire Iraq policy of the British Government had been motivated by an ambition to control Mesopotamia's oil resources. An entirely different emphasis was placed upon the proceedings by the Prime Minister of Iraq, however, who was quoted in "Al-Istiklal," a Baghdad Nationalist daily, as saying that the concession had been negotiated at this moment because it was necessary to make a public claim to the territory whose ownership Turkey was contesting. Whether this action was mainly a retort to the Chester Concession or not, it leaves the Turkish Petroleum Company in an anomalous position until the frontier is determined. Meanwhile no development of oil resources can be undertaken in Mosul Vilayet itself.

### POLITICAL SITUATION IN IRAQ

#### (1) Arab Aspirations:

The British had entered Mesopotamia as the avowed liberators of the Arab subjects of Turkey. The question of the status of Iraq thus came into prominence upon the cessation of hostilities, and has continued since that time to exercise the minds of the inhabitants.

Early in the War the Arab leader, Hussein, had named as the



price of his adherence to the Allied cause an independent Arabia extending from Mersine and Mardin to the Persian Gulf and the Red Sea. The British reply to this demand not only exemplifies the importance attached to its Mesopotamian interests, but also foreshadows its subsequent administrative policy. It conceded an independent Arabia in the southwestern portion of the area described by Hussein, but concluded as follows:

"....With regard to the Vilayets of Baghdad and Basra, the Arabs will recognize that the established position and interests of Great Britain necessitate special measures of administrative control, in order to secure these territories from foreign aggression, to promote the welfare of the local populations and to safeguard our mutual economic interests."

## (2) The Civil Administration, 1915-1920:

There was little delay in the carrying out of this policy. From January, 1915, onward a civil administration was being established in the territories successively occupied by the British forces. At headquarters the usual departments of a central government were organized. There was a British Director for each, but in some cases the immediate assistants, and in most cases the majority of the subordinate staff, were Arab. In the Liwas (counties) British Political Officers were associated with native Assistant Political Officers in the civil administration.

As long as uncertainty existed as to the duration of the British regime, much of the administrative work had to be of a tentative character. But in 1920 the failure of a general uprising of extreme Arab Nationalists and the crystallization of Allied plans for a British mandate in Mesopotamia gave to British administrators and Arab Nationalist leaders alike a conviction that there was no immediate prospect of the termination of British control over that territory.

## (3) The Kingdom of Iraq is Set Up:

Military government was nominally terminated in October 1920, when the British High Commissioner appointed a Provisional Arab Government. By August 1921 it had been decided, after the holding of two popular referenda, that Iraq should be organized as a constitutional monarchy under the Emir Feisal, son of the King of the Hedjaz. Feisal, as the protege of Great Britain who had been driven by the French from the ill-fated Arab Kingdom of Damascus, was not only the nominee of the British authorities but also enjoyed the approval of 96% of the population of Iraq, as shown in the second referendum.

## (4) The Anglo-Iraq Treaty:

It had meanwhile become apparent that Iraqi susceptibilities were affected by the Allies' decision to establish a British mandate in the country. Since Great Britain had adopted the policy of fostering a moderate Arab nationalism in Iraq, it was found expedient now to describe British control in terms compatible with the dignity of a sovereign state such as Iraq wished itself to be considered. Thus,

instead of embodying in a formal Mandate its plans for the administration of Iraq, the British Government contracted a treaty with King Feisal to regulate the relations between Great Britain and Iraq. Again, the annual report which Great Britain undertook to submit to the Permanent Mandates Commission of the League was described not as a report on the administration of Iraq but as a report on the manner in which the terms of the Anglo-Iraq Treaty were being carried out.

#### (5) Terms of the Treaty:

The Treaty itself, though binding the King of Iraq to be guided in financial and foreign policies by British advice, guaranteed Iraq a nominal independence and assured British assistance toward securing for it ultimate membership in the League of Nations. The Treaty was to continue in effect for a term of years originally fixed at twenty, but later reduced to four. Upon its expiry a fresh agreement would be concluded to regulate subsequent relations between the two countries. A hierarchy of advisers was to be associated with the Arab administration, the British High Commissioner acting as adviser to the King, a British adviser being furnished for each ministry and a British Inspector assisting the Mutessarif of each Liwa. Half of the High Commissioner's salary and the entire salaries of other advisers were to be met from Iraqi revenues. The integrity of the State would be maintained, during the Treaty period, by both British and Iraqi forces, the latter being gradually increased so that British assistance should no longer be necessary after the termination of the Treaty.

#### SOME RESULTS OF THE BRITISH OCCUPATION

Among the recorded results of the British occupation the following items are specially noteworthy:--the reduction of the judicial system and the land registration system to some degree of order; the practical encouragement of agriculture and sericulture; the reorganization of education; the insistence on higher teaching standards; the maintenance of hospitals and dispensaries; the checking of severe outbreaks of cholera; the construction of over 700 miles of railroad; the opening up of an automobile road to Damascus, and, in general, the provision of trained and efficient administrators to take the place of the former Turkish political employees bound to an antiquated and unprogressive administrative system. Of these advantages the Vilayet of Mosul has enjoyed a proportionate share.

#### ATTITUDE OF IRAQIS TO BRITISH OCCUPATION

Iraqi sentiment varies greatly with respect to the British occupation. The fairly widespread recognition of Iraq's present need of British assistance is often coupled with an impatient desire for that need to terminate. The reduction of the Anglo-Iraq treaty period from twenty to four years (a result of pressure brought to bear by Arab Nationalists and British taxpayers alike) was greeted with enthusiasm in Iraq. The Cabinet of 1923 avowed its intention of instituting negotiations with Great Britain for a permanent relationship based on mutual rights, to take the place of the existing temporary treaty which was felt to be unilateral, inasmuch as it bound Iraq to unconditional acceptance of British advisory control but left Great Britain free to determine when Iraq should be proposed as a member of the League of Nations. The press complained of the number of

superfluous Englishmen" and Indians employed in the administration, and there was frequent comment on the liberality of British-Advisers salaries. In 1924 there were 150 foreign officials in the pay of the Iraq Government. It was urged that this number be speedily reduced by eliminating those in junior and non-technical positions. A growing nationalist sentiment chafed at foreign control.

#### THE OCCUPATION AS A HUMANITARIAN INVESTMENT

British taxpayers have spent 150,000,000 pounds sterling on the administration of Iraq including the Vilayet of Mosul. It is an investment on which returns are slow, and in consequence many Englishmen advocate a policy of withdrawal. As an investment for the welfare of the Iraqi population it has unquestionably begun to earn dividends. But these were diminished by the nationalist uprising of 1920 and by the outbreak of sporadic disturbances requiring disciplinary measures. The opposition press has repeatedly been suspended, and several Iraqi nationalist leaders have been deported. The disorders have in several cases made necessary a resort to air action. The destruction of several villages in this manner, although said to have been carried out without reported loss of life and with excellent disciplinary effect, is regretted by the occupying authorities who would prefer to spend a smaller percentage of the national revenue on defence and a larger percentage on social reorganization. The 1924-25 Budget showed an appropriation of 118 lakhs (about \$4,130,000) for defence, while the appropriations for agriculture, health and education combined amounted to 52.21 lakhs, (about \$1,827,350). Meanwhile the rate of taxation in Iraq has been about 17 rupees (\$5.95) per head of population. This is high for a non-industrial country. There is an annual deficit in the Budget. The Financial Mission which reported in June, 1925, advised drastic economies and the postponement of further administrative improvement until the Budget should have been balanced.

#### THE OCCUPATION AS A FINANCIAL INVESTMENT

As a purely financial investment the British occupation has not yet commenced to bring in returns. The country has possibilities as a producer of cotton, grain, oil and other commodities, but as the Financial Mission points out, time is required for its development. "The operations of the Turkish Petroleum Company", it reports, "must remain practically at a standstill until the determination of the northern frontier. Thereafter there must be long-continued prospecting and, if the results of the prospecting justify it, the construction of a pipe-line to the Mediterranean." It is added that there is little likelihood of steady financial returns before 1932. In the case of cotton growing, also, several years must elapse before any appreciable profits are realized. Meanwhile the annual cost to Great Britain of maintaining control in Iraq is over 4,000,000 pounds sterling.

The Baldwin Government has expressed its willingness to prolong British control in Iraq for another twenty-five years if thereby the Vilayet of Mosul may be assured to Iraq. The supporters of the Government base their hope of reimbursement on a belief in the economic

possibilities of the country, and affirm that already the British occupation has been morally justified by the marked increase it has produced in the security of life and property, and the new impetus it has given to Iraqis of education and integrity to enter the public service, thus laying a foundation for the strong national state which it is the professed aim of Great Britain to establish in Mesopotamia.